

Senate Amendment 5200

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1 1 Amend Senate File 2268, as passed by the Senate as
1 2 follows:
1 3 #1. By striking page 1, line 1, by through page 4,
1 4 line 28, and inserting the following:
1 5 <Sec. _____. Section 175.2, Code 2005, is amended by
1 6 adding the following new subsection:
1 7 NEW SUBSECTION. 0A. "Agricultural assets" means
1 8 agricultural land, depreciable agricultural property,
1 9 crops, or livestock.
1 10 Sec. _____. NEW SECTION. 175.37 AGRICULTURAL
1 11 ASSETS TRANSFER TAX CREDIT == AGREEMENT.
1 12 1. An agricultural assets transfer tax credit is
1 13 allowed under this section. The tax credit is allowed
1 14 against the taxes imposed in chapter 422, division II,
1 15 as provided in section 422.11M, and in chapter 422,
1 16 division III, as provided in section 422.33, to
1 17 facilitate the transfer of agricultural assets from a
1 18 taxpayer to a beginning farmer.
1 19 2. In order to qualify for the tax credit, the
1 20 taxpayer must meet qualifications established by rules
1 21 adopted by the authority. At a minimum, the taxpayer
1 22 must comply with all of the following:
1 23 a. Be a person who may acquire or otherwise obtain
1 24 or lease agricultural land in this state pursuant to
1 25 chapter 9H or 9I. However, the taxpayer must not be a
1 26 person who may acquire or otherwise obtain or lease
1 27 agricultural land exclusively because of an exception
1 28 provided in one of those chapters or in a provision of
1 29 another chapter of this Code including but not limited
1 30 to chapter 10, 10C, 10D, or 501, or section 15E.207.
1 31 b. Execute an agricultural assets transfer
1 32 agreement with a beginning farmer as provided in this
1 33 section.
1 34 3. An individual may claim a tax credit under this
1 35 section of a partnership, limited liability company, S
1 36 corporation, estate, or trust electing to have income
1 37 taxed directly to the individual. The amount claimed
1 38 by the individual shall be based upon the pro rata
1 39 share of the individual's earnings from the
1 40 partnership, limited liability company, S corporation,
1 41 estate, or trust.
1 42 4. The tax credit is allowed only for agricultural
1 43 assets that are subject to an agricultural assets
1 44 transfer agreement. The agreement shall provide for
1 45 the lease of agricultural land including any
1 46 improvements and may provide for the rental of
1 47 agricultural equipment as defined in section 322F.1.
1 48 a. The agreement may be made on a cash basis or on
1 49 a commodity share basis which includes a share of the
1 50 crops or livestock produced on the agricultural land.
2 1 The agreement must be in writing.
2 2 b. The agreement shall be for at least two years,
2 3 but not more than five years. The agreement or that
2 4 part of the agreement providing for the lease may be
2 5 renewed by the beginning farmer for a term of at least
2 6 two years, but not more than five years. An agreement
2 7 does not include a lease or the rental of equipment
2 8 intended as a security.
2 9 5. The tax credit shall be calculated based on the
2 10 gross amount paid to the taxpayer under the
2 11 agricultural assets transfer agreement.
2 12 a. Except as provided in paragraph "b", the tax
2 13 credit shall equal five percent of the amount paid to
2 14 the taxpayer under the agreement.
2 15 b. The tax credit shall equal fifteen percent of
2 16 the amount paid to the taxpayer from crops or animals
2 17 sold under an agreement in which the payment is
2 18 exclusively made from the sale of crops or animals.
2 19 6. In order to qualify as a beginning farmer, a
2 20 person must be eligible to receive financial
2 21 assistance under section 175.12.
2 22 7. A tax credit in excess of the taxpayer's
2 23 liability for the tax year may be credited to the tax
2 24 liability for the following five years or until

2 25 depleted, whichever is earlier. A tax credit shall
2 26 not be carried back to a tax year prior to the tax
2 27 year in which the taxpayer redeems the tax credit. A
2 28 tax credit shall not be transferable to any other
2 29 person other than the taxpayer's estate or trust upon
2 30 the taxpayer's death.

2 31 8. A taxpayer shall not claim a tax credit under
2 32 this section unless a tax credit certificate issued by
2 33 the authority is attached to the taxpayer's tax return
2 34 for the tax year for which the tax credit is claimed.
2 35 The authority must review and approve an application
2 36 for a tax credit as provided by rules adopted by the
2 37 authority. The application must include a copy of the
2 38 agricultural assets transfer agreement. The authority
2 39 may approve an application and issue a tax credit
2 40 certificate to a taxpayer who has previously been
2 41 allowed a tax credit under this section. The
2 42 authority may require that the parties to an
2 43 agricultural assets transfer agreement provide
2 44 additional information as determined relevant by the
2 45 authority. The authority shall review an application
2 46 for a tax credit which includes the renewal of an
2 47 agricultural assets transfer agreement to determine
2 48 that the parties to the renewed agreement meet the
2 49 same qualifications as required for an original
2 50 application. However, the authority shall not approve
3 1 an application or issue a certificate to a taxpayer if
3 2 any of the following applies:

3 3 a. The taxpayer is at fault for terminating a
3 4 prior agricultural assets transfer agreement as
3 5 determined by the authority.

3 6 b. The taxpayer is any of the following:

3 7 (1) A party to a pending administrative or
3 8 judicial action, including a contested case proceeding
3 9 under chapter 17A, relating to an alleged violation
3 10 involving an animal feeding operation as regulated by
3 11 the department of natural resources, regardless of
3 12 whether the pending action is brought by the
3 13 department or the attorney general.

3 14 (2) Classified as a habitual violator for a
3 15 violation of state law involving an animal feeding
3 16 operation as regulated by the department of natural
3 17 resources.

3 18 c. The beginning farmer is responsible for
3 19 managing or maintaining agricultural land and other
3 20 agricultural assets that are greater than necessary to
3 21 adequately support a beginning farmer as determined by
3 22 the authority according to rules which shall be
3 23 adopted by the authority.

3 24 d. The agricultural assets are being leased or
3 25 rented at a rate which is substantially higher or
3 26 lower than the market rate for similar agricultural
3 27 assets leased or rented within the same community, as
3 28 determined by the authority.

3 29 9. A taxpayer or the beginning farmer may
3 30 terminate an agricultural assets transfer agreement as
3 31 provided in the agreement or by law. The taxpayer
3 32 must immediately notify the authority of the
3 33 termination.

3 34 a. If the authority determines that the taxpayer
3 35 is not at fault for the termination, the authority
3 36 shall not issue a tax certificate to the taxpayer for
3 37 a subsequent tax year based on the approved
3 38 application. Any prior tax credit is allowed as
3 39 provided in this section. The taxpayer may apply for
3 40 and be issued another tax credit certificate for the
3 41 same agricultural assets as provided in this section
3 42 for any remaining tax years for which a certificate
3 43 was not issued.

3 44 b. If the authority determines that the taxpayer
3 45 is at fault for the termination, any prior tax credit
3 46 allowed under this section is disallowed. The tax
3 47 credit shall be recaptured and the amount of the tax
3 48 credit shall be immediately due and payable to the
3 49 department of revenue. If a taxpayer does not
3 50 immediately notify the authority of the termination,
4 1 the taxpayer shall be conclusively deemed at fault for
4 2 the termination.

4 3 Sec. . NEW SECTION. 422.11M AGRICULTURAL
4 4 ASSETS TRANSFERRED TO BEGINNING FARMERS.

4 5 The taxes imposed under this division, less the

4 6 credits allowed under sections 422.12 and 422.12B,
4 7 shall be reduced by an agricultural assets transfer
4 8 tax credit as allowed under section 175.37.
4 9 Sec. _____. Section 422.33, Code Supplement 2005, is
4 10 amended by adding the following new subsection:
4 11 NEW SUBSECTION. 20. The taxes imposed under this
4 12 division shall be reduced by an agricultural assets
4 13 transfer tax credit as allowed under section 175.37.>
4 14 SF 2268.H
4 15 da/es/25